



WALLY HILL  
County Administrative Officer

# COUNTY OF SAN BERNARDINO

## County Administrative Office

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The Honorable Board of Supervisors  
County of San Bernardino  
San Bernardino, California

The Board adopted the final budget for 2003-04 on June 24, 2003.

This fiscal year continues to be noteworthy as 2003 marked the County of San Bernardino's 150<sup>th</sup> anniversary – a century and a half of public service. While the County of San Bernardino commemorates the growth and progress made in the last 150 years, the county cautiously stepped forward into the 2003-04 year. It was a complex budget year where development of the budget required difficult decisions of the Board due to reduced available resources.

The struggles and efforts made by county departments and the Board produced an adopted 2003-04 budget which stands as a fiscally sound spending plan. The 2003-04 budget provides for the operational needs of county departments, increases the county's general purpose reserve, and sets aside a significant amount of contingencies for uncertainties that the county may face during the current year and next fiscal year.

The key elements of this 2003-04 budget include:

### **4% Spend Down Plan**

In October 2002, the Board authorized the County Administrative Office to direct departments to develop a plan to reduce general fund support to a manner that by June 30, 2003, departmental budgetary levels were positioned to be 4% lower in the beginning of the 2003-04 fiscal year. The 4% Spend Down Plans were approved in December as a means of funding the rising ongoing expenses. This plan, which was incorporated into the 2003-04 base budget, produced \$8.6 million in savings and eliminated 54.8 vacant positions.

### **30% Cost Reduction Plan**

As a continuation of fiscally conservative approach to budgeting, the County Administrative Office requested departments to submit 30% Cost Reduction Plans, in a prioritized manner, with their 2003-04 budget projections. These cost reduction plans enabled the county to better position itself for the potential deep cuts expected from the State.

To further brace for these impacts and as a result of the Governor's proposed budget released in January, the Board approved a spending reduction plan that included a hiring freeze and a freeze on fixed asset/equipment purchases. Additionally, evaluations of the capital improvement program and existing lease space were performed; service contracts reviewed; and out of state travel requests were reduced to an absolute necessity.

On March 18, 2003, the Board took their first action with the 30% Cost Reduction Plans by approving the Level 1 Reduction (the lowest of the departmental program priorities). This action, which was incorporated into the 2003-04 base budget, resulted in cost reductions of \$10.5 million and eliminated 70.5 vacant budgeted positions.

### **Deletion of Vacant Budgeted Positions**

In April, the Board directed the County Administrative Office to delete vacant budgeted positions in the upcoming 2003-04 budget that had not been in active recruitment. The County Administrative Office recommended that exceptions be made for some positions, such as revenue generating positions or positions funded with external revenue sources. Additionally, departments with positions slated for deletion were provided the opportunity to request restoration from the Board during the budget workshops and hearings. The Board approved the majority of the County Administrative Office's recommendations and several restoration requests of departments. Positions deleted as a result of this action totaled 98.7 vacant budgeted positions, which produced a local cost savings of \$3.7 million.

### **Additional Departmental Requests Approved**

The Board approved two additional departmental policy items; one policy item for the Sheriff to fund technical staff previously funded by the COPS MORE grant and one policy item for the Clerk of the Board restoring the Chief Deputy Clerk position deleted in the 30% Cost Reduction Plan – Level 1.

Additionally, the Board approved establishing \$1.0 million in reserve for the Museum's Hall of Paleontology and increasing the existing Bark Beetle reserve by \$2.0 million.

During the budget hearings, the Board approved some additional requests. Included in these were the restoration of additional revenue supported positions for the Treasurer-Tax Collector, a request from the Public Administrator/Guardian/Conservator/Coroner for a position to review the current body removal services contract with a department objective of eventually bringing this service in-house, and positions for the Sheriff which consisted of continued general fund support for technical staff of a prior COPSMORE grant and the restoration of vacant budgeted positions that were not in recruitment.

### **Contingencies & Reserves**

The Board prudently set aside a total of \$67.4 million in the contingencies budget to mitigate the impact of uncertainties presented by the state's financial picture, increases due to negotiated employee MOUs, increases in retirement, and increases in insurance costs. This amount is comprised of \$62.2 million of available financing and \$5.2 million as required by Board policy, which states that 1.5% of budgeted locally funded appropriations must be set aside in contingencies.

In addition, the Board contributed \$2.9 million to the general purpose reserve in 2003-04, bringing the total to \$34.8 million (10% of locally funded appropriations). Contingencies and reserves serves as an insurance policy to safeguard essential programs should the county experience an economic downturn.

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In summary, the 2003-04 final budget demonstrates the Board's continual commitment to responsible fiscal management and a fair, cost-effective government for the citizens of San Bernardino County. While there are still issues for the County to face in the future, this budget is a further step forward, and one in which the Board can take pride. It is also a budget that places the County in a good position to meet the challenges of future budget years.

Respectfully submitted,

A handwritten signature in black ink that reads "Wally Hill". The signature is written in a cursive, flowing style.

**WALLY HILL**  
County Administrative Officer